

Explanation and Justification of a bill
to provide a retirement incentive to
participants in the Foreign Service
Retirement and Disability System

The Foreign Service Retirement and Disability System was designed with the objective of accelerating retirement of more senior officers in the Service in order to bring men to the top while still vigorous and receptive to new ideas. With a Foreign Service officer corps of 1500 men provisions for selection-out and voluntary retirement at age 50 resulted in a satisfactory rate of separation of the more senior officers. Beginning in the mid fifties the Foreign Service officer category was expanded and is now at the 3500 level. With this larger number of Foreign Service officers, the rate of separation, particularly at the senior level, has not kept pace with the expansion.

Approximately one year ago the Department announced a reduction in the number of years a Foreign Service officer may remain in class without promotion before becoming subject to selection-out. This reduction in time-in-class regulations will result in a substantial increase in the number of officers separated from the Service by selection-out this year. However, other means must be devised to effect an

additional number of separations and it is believed that this can be accomplished by the provision of an incentive to Foreign Service personnel to retire voluntarily. The issuance of the President's January 18, 1968 directive calling for a reduction of U. S. overseas personnel provides an appropriate opportunity for the enactment of temporary legislation that will result in accelerated retirement. The accompanying bill would provide such an incentive.

If enacted the measure would permit an officer or employee of the Service who is a participant in the Foreign Service Retirement and Disability System, and who is eligible to retire voluntarily, to do so any time after enactment and before a specified date and receive an annuity on the basis of service credit projected beyond his date of retirement.

The measure is designed so that no benefit will accrue to any officer or employee who dies in Service or who retires because of disability, for age or because of selection-out. The measure will benefit only those who could remain in Service but who choose to retire voluntarily before April 1, 1969.

The bill also provides for a reduction in the annuity of each officer or employee benefited thereunder by an amount equal to a retirement contribution of $6\frac{1}{2}$ percent of the participant's final salary rate. This deduction from annuity would

be continued for the duration of the period of the projected service. This amount would be matched and paid into the retirement fund by the Department exactly as if the officer or employee had remained in the Service during the period of the projected service.